STATE OF LDAHO TAX LOGICAL LOG

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This issue of TAX UPDATE is devoted to current topics, including Y2K issues.

If you have questions about the material here, or if you need more information, contact any Idaho State Tax Commission office listed on the back of this newsletter.

Y2K Is On The Way

By now you've probably heard about Y2K, even if you don't know what it means. Basically, the year 2000 (Y2K) poses special problems for computers and anyone who uses them—businesses as well as individuals.

Many computer systems store dates using a two-digit year (i.e. "97" for 1997). As a result, after the clock strikes midnight on December 31, 1999, many of the world's computers will reset their internal clocks to the year 1900. Computer applications will interpret the year 2000 as 1900, resulting in incorrect data and failed systems.

Luckily, there's a cure for this "Y2K bug," and the Tax Commission is hard at work on it. We have identified which of our systems are affected by this problem and are systematically reprogramming them to recognize a four-digit year (i.e. 2000). The bottom line is, we do not expect any major interruptions in the processing of your reporting forms.

As far as you and your business are concerned, here are some steps you can take to guard against problems on January 1, 2000:



- Learn about year 2000 issues from local newspapers, TV and the Internet. You can check out what the State of Idaho is doing at http://www2.state.id.us
- Ask questions to find out if your personal computer is Y2K compliant. Call the manufacturer or get software that will do the job. (Remember, both hardware and software must be tested.) Ask your bank, building manager and suppliers if they are Y2K compliant.
- Inventory your systems, including personal computers, all software, telephone systems and security systems. Identify the systems that are critical to your business.
- Decide the best way to fix your systems, then test and implement your proposed solutions.

New Law Eliminates Extension Paperwork

If you can't file your Idaho income tax return by April 15, you may qualify for an automatic six-month extension without filing a written request. To qualify for the automatic extension, you must have paid most of the taxes you owe for 1998 by April 15. You must have paid either:

- 80% of the taxes you owe for 1998, or
- 100% of the tax reported on your income tax return for 1997, if one was filed

If you decide to use an automatic exten-

sion, remember that interest is due on any tax you owe that remains unpaid after April 15. The interest rate is 0.58 percent per month. Also, you must pay the full amount you owe by October 15 to avoid penalties.

A worksheet (Form 51) is available to determine if you paid enough to qualify for the automatic extension. You can get one by calling our toll-free Fax-Back system at (888) 228-5770 if your phone is attached to your fax machine, or call Taxpayer Services toll free at 1-800-972-7660.

Consumer Credit Requires Annual Notice

Business owners who extend, arrange, or take assignment of consumer credit are required to file notice annually with the Idaho Department of Finance. "Consumer credit" means the transaction is for personal, family or household purposes.

To find out if this applies to you or your customers, or to request a notification application form, "Annual Notice of Intent to Do Business," write the Department of Finance, ICC Division, P O Box 83720, call (208) 332-8061, or visit their website at http://www2.state.id.us/finance/dof.htm .

Boise Office Gets New Phones

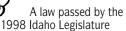
A new phone system is being installed in the Tax Commission's Boise office building. This system will allow better service by giving taxpayers the option



of leaving a voice-mail message or talking to someone else if the person they are calling is not available.

Installation of the new system, which is Y2K compliant, should be completed by the end of March.

Withholding Reminder



changed the way all employers remit and report the income tax they withhold from their employees' checks.

As of January 1, 1999 Idaho employers should be filing as follows:

Quarterly Accounts

 Form 958 and payment by the last day of the month following the end of the quarter

Monthly Accounts

- Payment Voucher, Form 910 and payment by the 20th of the month following the month the income tax was withheld
- Form 958 due quarterly by the last day of the month following the end of the quarter

Split-Monthly Accounts

- Payment Voucher, Form 910 and payment by the 20th of the month following the split month that the income tax was withheld
- Form 958 due quarterly by the last day of the month following the last split month period in the quarter

Agricultural Employer <u>not</u> required to file with Department of Labor:

- Withhold according to Form W-4 and Idaho withholding tables
- Form 956 with payment and W-2s by the last day of February
- No withholding if an employee's wages are less than \$1,000 for the calendar year

Agricultural Employer <u>required</u> to file with Department of Labor:

- Withhold according to Form W-4 and Idaho withholding tables
- Form 958 with payment by the last day of the month following the end of the quarter
- No withholding if any employee's wages are less than \$1,000 for the calendar year

Domestic Employer

- No withholding required
- Must have an Idaho withholding account
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All Employers

 Must file Form 956 with a copy of the employee's W-2 forms by the last day of February of the next year

Where To Get Information

If you would like to know more about Idaho state taxes, call the Idaho State Tax Commission toll free at **1-800-972-7660** or contact any of the offices listed below:

Boise

800 Park Blvd., Plaza IV (208) 334-7660

Coeur d'Alene

1910 Northwest Blvd., Suite 100 (208) 769-1500

Pocatello

611 Wilson St., Suite 5 (208) 236-6244

Lewiston

1118 F Street (208) 799-3491

Twin Falls

1038 Blue Lakes Blvd. N, Suite C (208) 736-3040

Idaho Falls

150 Shoup Ave., Suite 16 (208) 525-7116



HEARING IMPAIRED CALLERS:

Use the Idaho Relay Service (1-800-377-3529) to reach any Tax Commission office listed above.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Section 60-202, Idaho Code.

TAX UPDATE is published quarterly and mailed to all sales and use tax account holders with their tax return forms. Unless otherwise noted, information in TAX UPDATE applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest State Tax Commission office. Comments about TAX UPDATE and suggestions for future issues should be sent to:

TAX UPDATE Editor Public Information Office State Tax Commission P.O. Box 36 Boise. ID 83722



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This issue of Tax Update deals with: Y2K & OTHER CURRENT TOPICS

IDAHO STATE TAX COMMISSION

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